

CUBA

The Way Forward



Will Cuba by 2030 be able to remain true to its socialist model and yet put in place the building blocks for a more prosperous socialist society?

By Euston Wesso

Nearly seventy years ago on July 26, 1954, a small group of Cuban rebels laid siege to the Moncada military barracks in Santiago de Cuba on the eastern side of the island, in an attempt to start a revolution and overthrow the corrupt Batista regime. (Fulgencio Batista had

seized power in a coup in 1952.) Fidel Castro was amongst the group and for his unsuccessful attempt at an insurrection he was imprisoned for five years and then released on amnesty. As history relates, the revolutionaries were successful in overthrowing the government the second time round in

1959, and the Republic of Cuba came into being. The memory of Cuba's revolutionary naissance was evoked by the current ambassador for Cuba in South Africa, Carlos Fernandez de Cossío, at a roundtable hosted by the Mapungubwe Institute (MISTRA) at the University of Johannesburg. The purpose of the roundtable was to explore the logic of the social, economic and political changes in Cuba following a previous tumultuous ten years of economic upheaval in the wake of the break-up of the Soviet Union and the collapse of the socialist countries in Eastern Europe. He also spoke about Cuba's international solidarity with a number of African countries.

Since 1960 the people of Cuba, the Communist Party of Cuba (CPC) and the government have given unstinting moral, material, political and military support to the ANC and SACP, Frelimo, MPLA, SWAPO, ZANU, ZAPU and the PAIGC. Cuban internationalists died on Angolan soil to help defeat the apartheid military machine that invaded and occupied Angola.

As former President Nelson Mandela said in Cuba in 1991 at a massive rally in celebration of the attack on the Moncada Barracks: *"The Cuban people hold a special place in the hearts of the people of Africa. The Cuban internationalists have made a contribution to African independence, freedom, and justice, unparalleled for its principled and selfless character"*.

Beginning in 1994 fraternal relations between South Africa and Cuba have gone from strength to strength. Some years ago South Africa renounced Cuba's debt of R1.1 million to South Africa. This relationship was taken to a new level when, on 26 September, 2014, Rob Davies, Minister of Trade and Industry, announced that South Africa will contribute \$US 31 million to assist the Cuban economy. Over the past three decades Cuba has sent thousands of its doctors, nurses and other medical personnel to a number of African countries including South Africa.

At a time when Sierra Leone, Liberia and Guinea are facing a humanitarian catastrophe with an outbreak of the Ebola virus Cuba has once more demonstrated its international

solidarity. In October 2014, Cuba sent 165 medical professionals to Sierra Leone and had pledged to send another 300 to the most effected countries. Even its arch enemy the US administration praised Cuba for its “impressive response”.

Prior to 1990, the Cuban economy was heavily dependent on Soviet trade and exchange. Following the break-up, countries that traditionally had been receiving strong, sustained support from Moscow found they were cut off and adrift. In Cuba’s case, the primary reason for this was that shipments of Soviet oil which had provided the backbone to the country’s industrial and domestic sectors no longer arrived in Cuban ports. Furthermore, Soviet subsidies which had braced Cuba for decades were no longer forthcoming. As a result, from 1994, the Cuban government began slowly and hesitantly to change its economic course.

Ambassador de Cossío was frank in his assertion that the post-Cold War period was immensely difficult for Cuba. The country experienced a drop in GDP of 34% and the economic crisis brought with it immense social distress. Despite the dire situation, the country’s key asset – its people and its high human development index, as well as its well established participative governance system — was instrumental in preventing it from falling into chaos. There is no denying that in the present day, Cuba presents something of an anomaly in the world.

As Cuba has faced the inevitable and begun to open itself to global markets, it nonetheless is faced with what de Cossío refers to as three fundamental limitations: a lack of significant natural resources, the US blockade, and their home-grown economic model which he says the country’s leadership is committed to ‘updating’, but within a strictly socialist framework. On the first limitation the lack of a natural wealth creator and land fit primarily for sugar as an export commodity compromises economic growth. On the second, the economic blockade which has run for over 50 years continues to punish Cuba severely. De Cossío indicated that besides prohibition of trade with the US, trade with Cuba by any

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country was obstructed simply because ships leaving Cuba within a period of 180 days could not dock in US ports – posing an immense constraint on trading partners.

On the third limitation, the updating of the economic model, the matter of time has to be taken into consideration. As the Cuban governance system is by his description, intensely consultative, there is no possibility or wish for swift change to be effected. Neither is there a wish for change to happen before the necessary structural adjustments are effected that will release locked-in productive forces, the product of a state-run economy for over thirty years. According to De Cossío, gradual change will mean that the forces of production will be restructured within a socialist framework, but with some level of private enterprise and a bigger role for the market.

Post-1990 Cuba started to focus more intensely on tourism again, after disregarding the sector for 25 years, to bring about development and growth. Furthermore, a recent arrangement with the United States allows for ‘indigenous tourism’ where Cubans living in the US are allowed to return to Cuba once a year to visit their families. Cuba’s dual currency system that served the tourism industry was useful to a certain extent in the earlier years. Tourist dollars have continued to make up the lion’s share of payments

entering the country with other exports – nickel, tobacco, alcoholic beverages and pharmacare and biotechnology making up the balance. However the multiple currencies and exchange rates are not working as the system creates pricing asymmetries and thus they will need to be phased out as Cuba goes through its transformation.

With the first ten or so difficult years over and the second ten coming to an end, change in Cuba, although gradual and cautious, will continue unabated. He is honest in his opinion that once again Cuba faces a severe test to overcome challenges and constraints to “prove that socialism is viable” and to do it under the “nose of the United States”. To this end, the leadership will be launching a long-term development and economic programme (something like South Africa’s National Development Plan) and implementation will begin next year, 2015. New labour laws and tax laws are being drafted, foreign investment regulation is being redefined to attract financial flow, and greater transparency and flexibility have become key tenets of the regulations. New economic zones and special market arrangements are being planned and the Cuban peso will be reinstated as the single currency. An increase in salaries based on work grades to incentivise skilled workers is being introduced and cooperatives outside of the agricultural sector will be promoted. Investments in infrastructure development will be prioritised with a port being planned in western Cuba that will serve as a hub for the Caribbean.

Will Cuba by 2030 be able to remain true to its socialist model and yet put in place the building blocks for what it is articulating as a more prosperous socialist society? Will it be able to speed up modernisation of the economy along with some level of inequality in income distribution? China has demonstrated that market forces can play an important role in improving a nation’s standard of living. But with this also comes many challenges. What is clear though is that the US blockade against Cuba is a vestige of a bygone era and has to be lifted immediately. ■

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